

1 Mark R. Figueiredo, Esq. (State Bar No. 178850)  
2 *mrf@structurelaw.com*  
3 Austin T. Jackson, Esq. (State Bar No. 312698)  
4 *ajackson@structurelaw.com*  
5 STRUCTURE LAW GROUP, LLP  
6 1754 Technology Drive, Suite 135  
7 San Jose, California 95110  
8 Telephone: (408) 441-7500  
9 Facsimile: (408) 441-7501

10 Attorneys for Plaintiff  
11 AJAY JAIN

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

AJAY JAIN, an individual,

CASE NO. 5:22-cv-3077-NC

Plaintiff,

**PLAINTIFF AJAY JAIN'S FIRST  
AMENDED COMPLAINT FOR  
DECLARATORY RELIEF**

v.

TESLA, INC., a Delaware corporation; and  
DOES 1-50,

**[JURY TRIAL DEMANDED]**

Defendants.

Pursuant to this Court's Order Granting Defendant's Motion to Dismiss, Docket Number 17, Plaintiff Ajay Jain hereby submits his First Amended Complaint:

**I. THE PARTIES**

1. Ajay Jain ("Plaintiff") is now and was at the time the Complaint a California resident with his principal residence in Santa Clara County.

2. Tesla, Inc. ("Tesla") at the time this action was commenced, was and still is a corporation. A corporation is a citizen of any state where it has been incorporated and has its principal place of business. Tesla is now, and was at the time the Complaint was filed, a corporation incorporated in the state of Delaware with its principal place of business in the state of Texas.

3. The true names and capacities, whether individual, corporate, associate or

1 otherwise of defendants named herein as DOES 1 through 50, inclusive, are unknown to Plaintiff,  
2 who therefore sues said defendants by such fictitious names. Plaintiff is informed and believes,  
3 and thereon alleges, that each of the fictitiously named defendants proximately caused damages  
4 to Plaintiff as alleged herein and/or is responsible for the acts complained of herein. Plaintiff will  
5 seek leave of Court to amend this Complaint when the true identities of such DOE defendants  
6 have been ascertained.

7       4. Plaintiff is informed and believes, and thereon alleges that defendants named as  
8 DOES 1 through 50 were the agents, servants and/or employees of their co-defendants, and in  
9 doing or failing to do the acts alleged herein were acting in the course and scope of their authority  
10 and with the permission and consent of their co-defendants, and each of them.

## II. JURISDICTION AND VENUE

12       5.     This Court has jurisdiction over this case because complete diversity as of the time  
13 the action was commenced in state Court and exists now. Further, the amount in controversy is  
14 greater than \$75,000 pursuant to Federal Rules of Civil Procedure Section 1332.<sup>1</sup>

15       6.       Venue is proper based on the facts and allegations provided below and given the  
16 Northern District of California encompasses Santa Clara County where the injury occurred, and  
17 the property is located.

### III. FACTUAL ALLEGATIONS

19       7.     This case is about a dispute between Plaintiff, a good faith purchaser for value of  
20 a vehicle that Cole Pravda (“Mr. Pavda”) sold to Plaintiff with all of his rights to do so as a  
21 possessor of “voidable title” and Tesla who failed to have adequate safeguards and procedures in  
22 place, which resulted in it being defrauded by a seventeen-year-old, not once but twice within 90  
23 days. Tesla is now attempting to rectify its careless process of selling two cars to a seventeen-  
24 year-old by claiming ownership of and threatening to take possession of a vehicle from Plaintiff,  
25 regardless that it was properly purchased by an innocent bona fide purchaser rather than taking

<sup>27</sup> In cases where the plaintiff is seeking declaratory judgment, as in this case, the amount in controversy is calculated by the “value of the right to be protected or the extent of the injury to be prevented.” *Harford Ins. Group v. Lou-Con, Inc.*, 293 F.3d 908, 910 (5<sup>th</sup> Cir. 2002).

1 action against the wrongdoer (Mr. Pravda).

2       8.     Tesla, upon learning that the wire transfer from Mr. Pravda was dishonored  
 3 misrepresented the facts with the Houston police and reported the 2021 Model S Plaid  
 4 VIN5YJSA1E62MF456324 (the “Vehicle”) as stolen - which caused Plaintiff to be harassed by  
 5 the local Saratoga, CA police, over \$25,000 in legal cost and counting, inability to drive the  
 6 vehicle, and lastly a vehicle which will carry a history of being stolen on its vehicle history report  
 7 which dramatically reduces its value now. Tesla's falsification of facts to Houston Police and  
 8 reporting this vehicle stolen caused significant harm to the Plaintiff and has resulted in a dispute  
 9 as to who the true owner of the vehicle is.

10     9.     As will be detailed below, Mr. Pravda had voidable title, which he then could  
 11 transfer good title to a good faith purchaser for value. Specifically, because Tesla entered into a  
 12 transaction of purchase with Mr. Pravda, accepted a down payment from Mr. Pravda, voluntarily  
 13 delivering the vehicle to Mr. Pravda at a place designated by Mr. Pravda, and the fact that Mr.  
 14 Pravda initiated a wire transfer—although later dishonored—created voidable title for Mr. Pravda,  
 15 which even if obtained through fraud, deceit of identity, or through a wire transfer that was later  
 16 dishonored, allowed Mr. Pravda to sell good title to a good faith purchaser for value.<sup>2</sup>

17     10.    As will be discussed at greater length below, Plaintiff then undertook painstaking  
 18 measures (unlike Tesla, who sold a very expensive top of the line vehicle to a seventeen-year-old  
 19 and then sold another vehicle to him approximately three months later even though his wire  
 20 transfer did not clear on the first vehicle) to ensure the purchase of the Vehicle from Mr. Pravda  
 21 was legitimate. Plaintiff did purchase the vehicle from Mr. Pravda—who had voidable title and  
 22 thus able to sell good title to Plaintiff as a good faith purchaser—for approximately \$127,500.

23     11.    The Vehicle was in Mr. Pravda’s possession in Houston, Texas for approximately

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26     2 Pursuant to UCC 2-403 (1), “A person with voidable title has power to transfer a good title to a good faith  
 27 purchaser for value. When goods have been delivered under a transaction of purchase the purchaser has such  
 28 power even though: (a) the transferor was deceived as to the identity of the purchaser, or (b) the delivery was in  
 exchange for a check which is later dishonored, or (d) the delivery was procured through fraud punishable as  
 larcenous under the criminal law.

1 75 days before it was sold and shipped to Plaintiff. Ultimately, all while Mr. Pravda maintained  
 2 voidable titled as explained below, Tesla waited nearly 5 months before it took any action related  
 3 to the Vehicle or claiming any ownership interest in the Vehicle. Nonetheless, to date, Tesla is  
 4 still taking the position that Mr. Pravda lacked the ability to sell the Vehicle to Plaintiff and is  
 5 thus the rightful owner and should be in possession of the Vehicle. Whereas Plaintiff is taking the  
 6 position that he is a good faith purchaser for value of the Vehicle from Mr. Pravda who was  
 7 holding voidable title to the Vehicle, and thus he is the rightful owner and should retain possession  
 8 of the Vehicle.

9       12. Ultimately, Tesla—although in the best position to prevent situations just like  
 10 this—lacked adequate safeguards and procedures to prevent being defrauded twice by a  
 11 seventeen-year-old and is now attempting to hold an innocent good faith purchaser accountable  
 12 for its lack of procedures to prevent being defrauded by a seventeen-year-old, rather than itself or  
 13 the wrongdoer (Mr. Pravda).

14       **A. Creation of Voidable Title**

15       13. Upon information and belief, Mr. Pravda entered into a Motor Vehicle Purchase  
 16 Agreement to purchase the Vehicle for approximately \$148,190.00. Further, upon information  
 17 and belief, as part of the agreement between Mr. Pravda and Tesla, Mr. Pravda was required, and  
 18 did, pay a down payment for the Vehicle. Upon information and belief, the agreement between  
 19 Tesla and Mr. Pravda also required him to then wire the outstanding balance to Tesla.

20       14. Upon information and belief, Mr. Pravda used a fake identification card to deceive  
 21 Tesla as to his identity, specifically his age.

22       15. Upon information and belief, after Mr. Pravda entered into the Motor Vehicle  
 23 Purchase Agreement with Tesla and after Tesla received and accepted the down payment from  
 24 Mr. Pravda, Mr. Pravda initiated a wire transfer for the remaining balance, which was later  
 25 dishonored.

26       16. On or about December 18, 2021, Tesla, upon receiving the wire transfer from Mr.  
 27 Pravda that was later dishonored, then voluntarily delivered the Vehicle, along with adding the  
 28 vehicle to Mr. Pravda's Tesla account—which only Tesla could do—and providing him with 2

1 keys and 2 key cards to the Vehicle.

2       17. Ultimately, Mr. Pravda entered into a transaction to purchase the Vehicle through  
 3 the Motor Vehicle Purchase Agreement with Tesla. Tesla then, after receiving and accepting the  
 4 down payment pursuant to the agreement between Tesla and Mr. Pravda and after Mr. Pravda  
 5 initiated a wire transfer (although later dishonored), voluntarily delivered the Vehicle, and the  
 6 keys to the Vehicle. Even though the Vehicle may have been acquired through deceit of identity,  
 7 through a wire transfer that was dishonored, and/or through fraud, it nonetheless created voidable  
 8 title allowing Mr. Pravda to sell good title to a good faith purchaser for value pursuant to Uniform  
 9 Commercial Code Section 2-403.

10       **B. Plaintiff is A Good Faith Purchaser for Value.**

11       18. In or around early January 2022, Plaintiff was searching for a Tesla Model S Plaid.  
 12 Plaintiff located the Vehicle for sale in Houston, Texas by Mr. Cole Alan Pravda (“Mr. Pravda”).

13       19. On or around January 9, 2022, Plaintiff, through his son, reached out to Mr. Pravda  
 14 about his Facebook Marketplace advertisement selling the Vehicle. Mr. Pravda then sent over  
 15 images of the window sticker, the Certificate of Origin, and the Motor Vehicle Purchase  
 16 Agreement, which provided that the Vehicle was purchased on December 18, 2021, and was paid  
 17 in full.

18       20. On the next day, nearly a month after Mr. Pravda originally paid the down payment  
 19 and, upon information and belief, initiated the wire transfer, Plaintiff’s son, in an attempt to ensure  
 20 the legitimacy of the purchase of the Vehicle, contacted Tesla to confirm that the Vehicle was in  
 21 fact sold to Mr. Pravda. A representative for Defendant spoke with Plaintiff’s son and checked  
 22 the vehicle identification number (“VIN”) of the Vehicle. After checking the VIN of the Vehicle,  
 23 Defendant’s representative confirmed that the Vehicle was sold to Mr. Pravda and that the Vehicle  
 24 had been paid in full. During that call, there was never any mention of any delinquency of  
 25 payments from Pravda, any lien on the Vehicle, or any fraud with the Vehicle. In fact, Plaintiff’s  
 26 son made abundantly clear to Tesla’s representative that Plaintiff intended on purchasing the  
 27 Vehicle and the representative raised no issue with such purchase or title. Further to this point,  
 28 Mr. Pravda sent a screenshot of the Tesla App showing the vehicle was paid in full.

1       21. On that same day, Plaintiff sent Mr. Pravda via overnight mail a California DMV  
 2 Form 262 (Vehicle/Vessel Transfer and Reassignment Form) for Mr. Pravda to sign. Plaintiff also  
 3 sent Mr. Pravda an Application for Replacement or Transfer of Title form from the California  
 4 DMV, which Mr. Pravda filed out, signed, and sent back to Plaintiff.

5       22. On January 25, 2022, Mr. Pravda sent two receipts on Texas Department of Motor  
 6 Vehicles letterhead showing payment of taxes and registration in Collin County Texas for the  
 7 Vehicle.

8       23. On January 28, 2022, the Vehicle was picked up from Mr. Pravda's residence and  
 9 was then delivered to Plaintiff's residence on February 2, 2022 (nearly two months since Mr.  
 10 Pravda entered into the agreement with Tesla and since Tesla received and accepted the down  
 11 payment and since the voluntary delivery of the Vehicle). After receiving the Vehicle, Plaintiff  
 12 asked Mr. Pravda to transfer the Vehicle to Plaintiff's Tesla account. Tesla allowed for Mr. Pravda  
 13 to transfer the Vehicle from his account to Plaintiff's account, which was later confirmed by a  
 14 Tesla representative that the transfer could not be done unless the Vehicle was in good standing.  
 15 Tesla was the only one with the power and authority to transfer the vehicle from Tesla to Mr.  
 16 Cole Pravda's personal Tesla account initially and then enabled the transfer from Mr. Pravda's  
 17 Tesla account to Plaintiff's Tesla Account if the Vehicle was not in good standing. By transferring  
 18 the Vehicle to Plaintiff's Tesla account from Mr. Pravda's Tesla account, Tesla essentially  
 19 endorsed the sale of the car as valid and legitimate and admitted that the car was in good standing  
 20 and that Tesla had no objection to Mr. Pravda selling the vehicle to the Plaintiff. The Plaintiff  
 21 then sent a cashier's check in the amount of \$127,500 to Mr. Pravda at 5231 Calle Cordoba Pl,  
 22 Houston TX 77007.

23       24. When the Vehicle was transferred to Plaintiff's account there was no issue or  
 24 notice of any issue regarding the title, delinquency of payment, or any other issue related to the  
 25 Vehicle. As of the date of this filing, the Vehicle is still attached to Plaintiff's Tesla account and  
 26 there is no notice of any issue regarding the Vehicle.

27       25. Over the next 20 days or so, Mr. Pravda continually assures Plaintiff that he will  
 28 be receiving the registration to the Vehicle soon, but that the Texas' DMV is backed up.

1       26. After nearly a month of waiting, on March 7, 2022, Plaintiff's son contacts the  
 2 Texas DMV and the Collin County Tax Office to inquire about the Vehicle. Both offices had no  
 3 record of the registration or title application. However, neither office mentioned any issues  
 4 relating to the Vehicle either. At this point, Plaintiff confronts Mr. Pravda about this issue, but  
 5 Mr. Pravda never responded.

6       27. Shortly thereafter, Ryan Saunders from Tesla's Fraud Department contacted  
 7 Plaintiff regarding the Vehicle. It was at this time, and for the first time, Plaintiff learned that the  
 8 Vehicle was not paid for in full, but instead had an outstanding balance of \$148,277.25 due from  
 9 Mr. Pravda to Tesla because his wire transfer was dishonored. In other words, it was not until  
 10 three months had passed since Mr. Pravda's wire transfer was initiated, and likely did not clear,  
 11 before Tesla made any communication regarding the outstanding amount owed from Mr. Pravda  
 12 to Tesla, and it was only after Plaintiff contacted Tesla.

13       28. On the same call, Mr. Saunders also confirmed that if the Vehicle had not been  
 14 paid in full and was not in good standing, then Defendant would not have allowed for the vehicle  
 15 to be transferred from Mr. Pravda's Tesla account to Plaintiff's Tesla account.

16       29. Ultimately, Plaintiff undertook a painstaking process to ensure that the purchase  
 17 of the Vehicle was a legitimate purchase for value and did significantly more investigative work  
 18 than Tesla. In other words, Plaintiff neither knew nor should have known of any issue regarding  
 19 Mr. Pravda's fraudulent acts or the later dishonored wire transfer. Further, and as explained above,  
 20 Plaintiff's purchase was for value. As such, Plaintiff qualifies as a good faith purchaser for value  
 21 of the Vehicle.

22       **C. Dispute Between Plaintiff and Tesla Over Ownership of the Vehicle.**

23       30. After approximately 5 months after selling the Vehicle to Mr. Pravda, and for the  
 24 first time, Tesla took the position that it is the rightful owner of the vehicle and improperly  
 25 reported the Vehicle as stolen to the Houston Police Department. Upon information and belief,  
 26 Tesla did not take any other actions against the wrongdoer. Specifically, upon information and  
 27 belief, Tesla did not put a lien on the vehicle, Tesla did not attempt to collect the outstanding  
 28 payments owed under the agreement between Mr. Pravda and Tesla, and Tesla did not engage

1 any kind of debt collection company to recover the money it was owed.

2       31.     The only action taken by Tesla was against the innocent good faith purchaser by  
 3 threatening to repossess the Vehicle from Plaintiff—regardless of Plaintiff's status as a good faith  
 4 purchaser for value and without any legal or factual basis to do so—and improperly reporting the  
 5 Vehicle as stolen to the Houston Police Department—regardless of Mr. Pravda having voidable  
 6 title, as discussed above, which he can sell good title to a good faith purchaser for value—in hopes  
 7 that the Santa Clara County Sheriff's office would repossess the Vehicle from Plaintiff and to  
 8 deprive Plaintiff of his right to enjoy the use of the Vehicle. Tesla would not have and would not  
 9 continue to maintain that the Vehicle is stolen and seek repossession of the Vehicle unless it  
 10 believes or is taking the position that it is the rightful owner of the Vehicle.

11       32.     Further to Tesla's position that it owns the Vehicle and thus should be in  
 12 possession of the Vehicle, by improperly reporting the Vehicle as stolen to the Houston Police  
 13 Department, the Santa Clara County Sheriff's Office then reached out to Plaintiff in an attempt to  
 14 repossess the vehicle on behalf of Tesla. The only reason the Santa Clara County Sheriff's Office  
 15 did not repossess the Vehicle at this time is because Plaintiff's counsel explained to the Santa  
 16 Clara County Sheriff's Office the legal argument that Plaintiff is good faith purchaser of value  
 17 from Mr. Pravda, who held voidable title and because there was a pending action regarding the  
 18 rights and ownership interests to the Vehicle. In response, the Santa Clara County Sheriff's Office,  
 19 after conferring with the Santa Clara County Counsel, decided to not take any action until the  
 20 parties' rights and interest are decided by this Court. Nonetheless, because of Tesla's claim that  
 21 it is the owner of the Vehicle and that it has been stolen and that it should be in possession of the  
 22 Vehicle, Plaintiff was instructed by the Santa Clara County Sheriff's Office to not drive the  
 23 Vehicle and to keep it in his garage until this Court has made a determination as to the rights and  
 24 interest of the parties preventing Plaintiff for enjoyment of the Vehicle he rightfully owns.

25       33.     To date, and upon information and belief, Tesla is still taking the position that it is  
 26 the rightful owner of the Vehicle and believes it should be in possession of the Vehicle regardless  
 27 of Plaintiff's status as a good faith purchaser for value and Mr. Pravda's having voidable title  
 28 which would allow him to sell good title to Plaintiff. Plaintiff on the other hand, and based on the

1 foregoing allegations, takes the position that Mr. Pravda had title and as a good faith purchaser  
2 for value is the rightful owner of the Vehicle and should retain possession of the Vehicle. As such,  
3 there is a definite and concrete dispute as to the legal interest in the Vehicle.

4 **FIRST CAUSE OF ACTION**  
5 **(Declaratory Relief)**

6 32. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 17,  
7 inclusive, of this Complaint as though fully set forth herein.

8 33. An actual controversy has arisen and now exists between Plaintiff and Defendant  
9 concerning the ownership interest and possession of the Vehicle. Plaintiff desires a judicial  
10 determination of the parties' respective rights and obligations, and such determination is proper  
11 at this time given that an actual dispute exists

12 34. Plaintiff wishes that Defendant's adverse claims to the Vehicle be determined by  
13 a decree of this Court.

14 35. Plaintiff alleges that he is entitled to a judicial declaration since he is good faith  
15 purchaser for value of the Vehicle, then he is thus the rightful owner of the Vehicle.

16 **PRAYER**

17 1. For a judgment declaring that Defendant has no legal, equitable, or other interest  
18 in the Vehicle;

19 2. For a judgment declaring that Plaintiff is the rightful owner of the Vehicle and has  
20 all legal, equitable, and other interest in the Vehicle; and

21 3. For such other and further relief as the court may deem just and proper.

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**DEMAND FOR JURY TRIAL**

Plaintiff hereby demands a trial by jury in the above-captioned matter on all matters so triable.

Date: August 10, 2022

## STRUCTURE LAW GROUP, LLP

By: Austin T. Jackson  
Mark R. Figueiredo, Esq.  
Austin T. Jackson, Esq.  
Attorneys for Plaintiff  
AJAY JAIN